

These changes in the law do not provide a completely satisfactory solution to the problem of highway financing. First, the tax increase will not provide the immediate revenues needed to meet existing obligations during this fiscal year. For this reason, a repayable advance of \$359 million from the general fund has been sought and provided in the Mutual Security Appropriation bill. Second, the revenues provided are not sufficient to allow apportionment of the full authorizations for 1961 and 1962. As a result, apportionments in each year will be approximately \$200 million less than authorized. Third, the diversion of excise taxes from the general fund will reduce the revenues available for general budget expenditures in the fiscal years 1962, 1963, and 1964. We believe that this diversion is very objectionable, and that every attempt should be made to change the law before it becomes effective to ensure that the Interstate System be constructed with taxes imposed for that purpose and not by diverting taxes dedicated to paying general Government expenses. In this connection, the report of the Secretary of Commerce relating to equitable taxes for financing highway construction is required by law to be made by January 3, 1961. It may provide the basis for recommending taxes to replace the scheduled diversion.

Despite these deficiencies, we believe that the bill represents the best compromise on financing arrangements that can be made at this time.

B. Miscellaneous provisions

The bill also requires the exemption (existing law is permissive) of highways crossing land zoned for industrial or commercial use within incorporated communities from the law providing national standards for billboard control. As a result, States will be unable to receive the authorized Federal incentive contributions for highways in these areas which meet these standards.

The required study by the Secretary of Commerce of Interstate System needs within Alaska and Hawaii may provide desirable information. However, the January 14, 1960 reporting date will make conduct of an adequate study difficult and will prevent use of the findings of the Alaska International Rail and Highway Commission's study, which will not be completed until 1961. The study arises from the fact that these new States have no Interstate System highways although their citizens pay the increased highway taxes.

The bill authorizes the appropriation of \$2 million for relocation of a portion of the Natchez Trace Parkway in Mississippi which will be flooded by a lake being constructed by the Pearl River Valley Water Supply District to provide water for local needs. Payment of the costs of relocating Government roads flooded by locally-sponsored projects providing local benefits is usually a local

